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Regional Economic  
Structures and Policies in  
Norway  
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N O T I C E

From the statistical data and information supplied by the national administrations of the acceding States, the Directorate-General for Regional Policy has undertaken to produce an analysis of the regional structures and regional policies of these States, to complete the analysis already made for the six Member States (1).

The present study represents a first general description. It will be supplemented by more detailed statistical analyses which, in spite of many gaps, will provide a more complete picture of the regional structures in the acceding countries and the problems they present in the enlarged Community.

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(1) See Analysis, 1971

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N O R W A Y  
in the Community of Ten

	Norway	Community of Ten	Norway
			Community % or index (Community= 100)
Area in sq.km.	323 900	1 847 300	17.5 (%)
Population (in thousands)	3 879	257 422	1.4 (%)
Density (inhab./sq.km.)	12	139	9 (ind.)
Total working population (in thousands)	1 545	106 418	1.4 (%)
Working population in agriculture (%)	13.6	10.18	
Working population in industrie (%)	35.8	43.87	
Gross domestic product (§/inhab.)	2 774	2 372	116 (ind.)

Exchange value of the Norwegian crown in August 1971

1 § = 7,14286 Norwegian crowns

## I.- Regional delimitation

### 1. Administrative regions

Norway has 454 boroughs, grouped into 20 counties (fylke), which, in turn, are usually regrouped for statistical purposes into 5 regions. The latter do not correspond to any administrative units, but are divided up in a way suitable for analysing the regional structures (1).

A table of the counties and regions drawn up according to surface area and population makes it immediately possible to understand the great disparities in space and population distribution in Norway.

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(1) See Plate 1, page 6.

## Counties and regions in Norway in 1970

Counties Regions	Surface area of land in sq.km.	Population	Density in inhabitants per sq.km.
Østfold	3 913.5	218 505	55.8
Akershus	4 635.1	312 235	67.4
Oslo	429.5	487 363	1 134.6
Hedmark	26 139.5	178 557	6.8
Oppland	24 125.2	171 855	7.1
Buskerud	13 927.9	196 315	14.1
Vestfold	2 136.8	173 401	81.1
Telemark	14 186.4	156 917	11.1
Total Østlandet (Eastern region)	89 493.9	1 895 148	21
Aust-Agder	8 609.5	80 178	9.3
Vest-Agder	6 816.5	123 048	18.1
Total Sørlandet (Southern region)	15 476	203 226	13
Rogaland	8 477.1	266 271	31.4
Hordaland	14 914.2	255 225	17.1
Bergen	47.3	115 738	2 446.9
Sogn og Fjordane	17 829.4	101 064	5.7
Møre og Romsdal	14 680.1	223 378	15.2
Total Vestlandet (Western region)	55 948.1	961 676	17
Sør-Trøndelag	18 110.8	232 147	12.8
Nord-Trøndelag	21 056.1	118 150	5.6
Total Trøndelag (Central region)	39 166.9	350 297	9
Nordland	36 288.2	243 179	6.7
Troms	25 121.2	136 563	5.4
Finmark	46 543.6	76 379	1.6
Total Nord-Norge	107 953	456 121	4
Total Norway	307 988.2	3 866 468	12.6

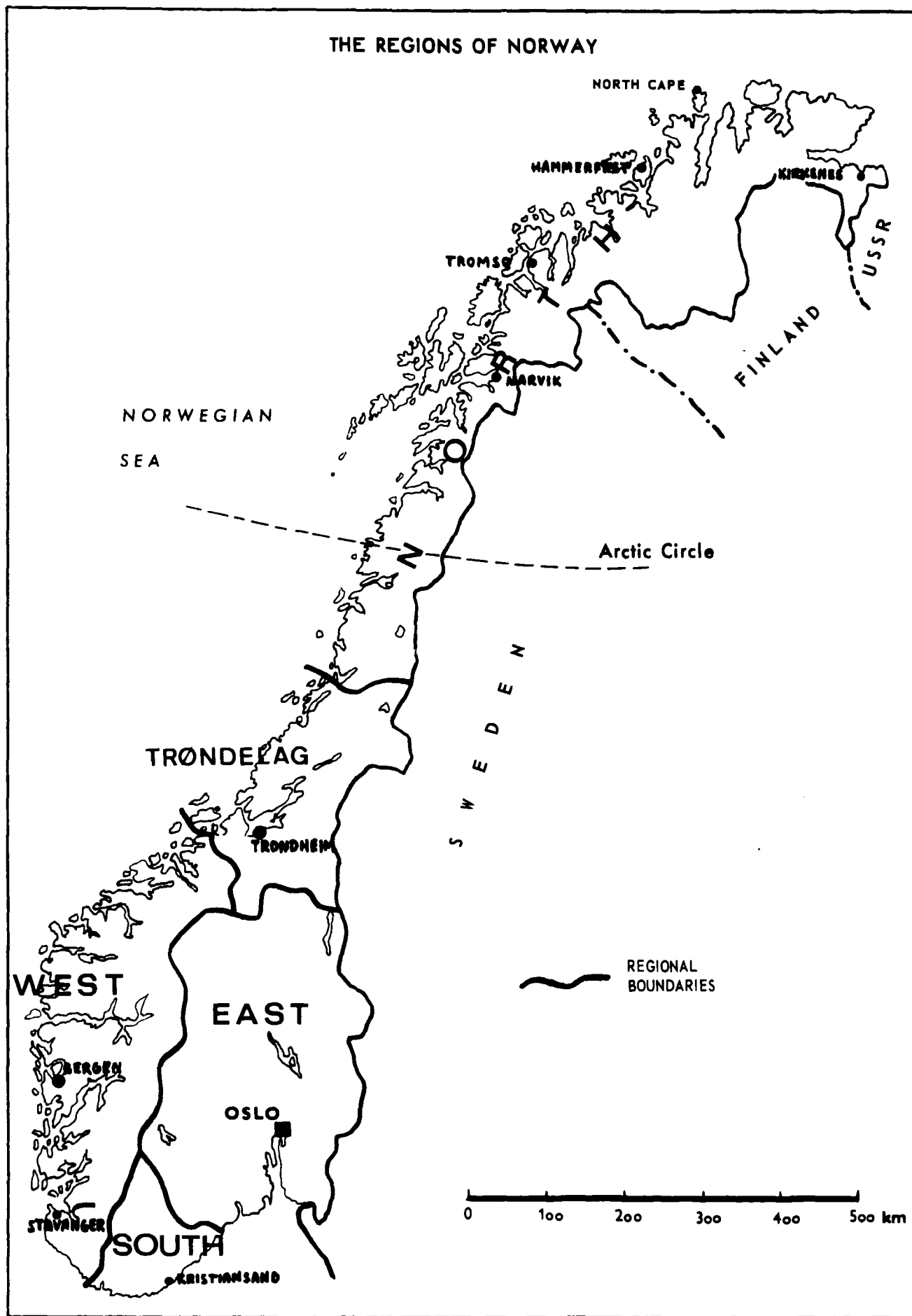


FIG. 1

In addition to this general territory, the Spitzbergen (Svalbard in Norwegian) archipelago should be included. It is situated some 660 km to the north of Norway, in the Arctic Ocean, and has a surface area of 62 000 sq.km. and a population of about a thousand inhabitants.

## 2. Regional policy regions

A large part of Norwegian territory enjoys regional aid : the whole of the northern region, and large parts of other regions (1).

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(1) See Plate 2, page 26



## II.- Regional economic structures

### 1. Natural conditions

In no other State in the European Community, either in its present or enlarged form, do natural conditions determine regional problems to the extent that they do in Norway. These conditions can be summed up under the three titles : size, climate, and land.

#### a) Size

Norway, with a surface area of slightly more than 300 000 sq.km. or approximately 10 times that of Belgium, is a country extending over 13 degrees of latitude. There are 2 000 km. between the most northern and most southern points of Norway.

By way comparison, if you were to pivot Norway on itself, using the south coast as an axis, the north of the country would come as far as Rome.

However, the east-west distances are relatively small, and at Narvik become as little as 6 km wide.

The coast extends for 20 000 km. including the coastline of the islands, which are some 150 000 in number, and of which 2 000 are inhabited.

Given this type of relief, transport by land is both lengthy and difficult. The railway system is smaller than in Belgium and does not extend beyond Bodo, half-way between Trondheim and Narvik. Construction, maintenance and use of the road system is not easy. Under these conditions, most transport is by sea.

#### b) Climate

The climate of Norway is harsh, but it has the benefit of the Gulf Stream along the coast. Consequently, the temperature drops considerably as soon as one leaves the coastal regions : it is not

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colder at the North Cape than in southern Sweden. However, in the mountainous parts of the south-west, snow covers the ground for a period of 160 days per year, and the altitude cancels out all the advantages of the mild Atlantic air.

One third of Norway's territory lies to the north of the Arctic Polar Circle.

These climatic conditions are the reason for the population being mainly distributed in the south and the coasts. In all, three quarters of the population live less than 15 km. from the sea. By necessity and by its nature, Norway is a country which turns towards the sea.

#### c) Land

In addition to harsh climatic conditions and a high type of relief, there is the handicap of the nature of the land.

In fact, only 3 % of the surface of the territory is suitable for agriculture. Forests cover 23 %, and the rest, 74 %, is barren (rocks, mountains, heaths, marshes).

### 2. Population

Natural conditions such as these explain why Norway has such a small population figure, and the lowest population density in Europe (12.6 inhabitants per sq.km.). In fact, if the country is virtually uninhabited, it is for the simple reason that it is uninhabitable. Two phenomena are of note : the regional distribution of the population, and inter-regional migration.

#### a) Regional distribution

Norway has a very uneven population distribution, since the eastern region alone (Østlandet) contains 49 % of the population on 29 % of the territory.

## Population and surface area of the regions (%)

Regions	Population	Surface area
East (Østlandet)	49 %	29 %
South (Sørlandet)	5	5
West (Vestlandet)	25	18
Centre (Trøndelag)	9	13
North (Nord -Norge)	12	35
Norway	100	100

The population densities vary from 21 in the east to 4 in the north. However, at county level, this density is 1 100 and 2 400 in Oslo and Bergen, and 1.6 in Finnmark. The northern region, with a surface area three times greater than that of Belgium, has only 456 000 inhabitants.

After Oslo and its suburbs, with 640 000 inhabitants, the only towns of any size are in the west (Bergen 115 000, Stavanger 82 000 inhabitants), in the south (Kristiansand 55 000 inhabitants) and in the centre (Trondheim 125 000 inhabitants).

Apart from these few towns, Norway is, as can be seen, a country of small urban centres, mainly spread out along the coasts.

In addition to these considerations with regard to the population of Norway, there should be included the existence in the Far North of the Lapps. The latter, 35 000 in number, live in Lapland, a vast territory which takes in all north Scandinavia. There are approximately 20 000 Lapps in Norway.

b) Inter-regional migration

Inter-regional migratory flows in Norway are all directed towards the Oslo region, or more precisely towards the counties of the Oslo fjord, that is to say those of Oslo, Østfold, Akershus and Vestfold. On the whole, all Norwegian migratory movements converge on this single region. This same phenomenon exists even within the eastern region (Østlandet), where the Oslo fjord region is situated. From 1951 to 1968, this region gained more than 100 000 inhabitants simply due to emigration, that is, 9 % of its population.

This migratory flow has been contributed to by all regions of Norway, with the exception of the southern region (Sørlandet), where the migratory balance is virtually nil.

Migratory balance for the regions from 1951 to 1968\*

Regions	Balance in units	as a % of the resident population
Counties of the Oslo fjord	+ 106 000	+ 9 %
Counties of Hedmark and Oppland in the East (Østlandet)	- 27 000	- 8 %
West (Vestlandet)	- 25 000	- 2.5 %
Centre (Trøndelag)	- 14 000	- 4 %
North (Nord-Norge)	- 40 000	- 9 %

It can be seen that during this period, the migratory flow from the counties near Oslo has been nearly as large, relatively, as that from the north. However, whilst the former has slowed down in recent years, the latter has increased. Even in 1968, the north recorded a negative migratory balance of about 1 %.

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\* estimates based on the table published in the Norwegian Long Term Programme 1970-1973, p. 4

### 3. Employment

An analysis of employment shows considerable differences in the regional structures of Norway.

As regards agriculture, this sector only represents 8.1 % of the active population in the east, but includes 36 % of the total agriculture in Norway. However, 21 % of the active population in the North is employed in agriculture, but only represents 12 % of agriculture in Norway.

Industry represents 29.3 % in the east, but in that area it includes 56 % of the total industrial employment in Norway. It represents 17.7 % in the north, 6.4 % of the total.

52.8 % of the population in the east is employed in tertiary occupations, that is, 55 % of the total tertiary occupations in Norway.

The east, with a population representing 49 % of Norway's population, includes 53 % of the total active population, and dominates Norway's economy in every sector, either by its size or by its productivity.

Distribution of employment, according to sector and region, as a percentage of the total employment, in 1960 and 1969

Regions	Primary Sector		Industry		Building Electricity Water		Tertiary Sector	
	1960	1969	1960	1969	1960	1969	1960	1969
East (Østlandet)	13.3	8.1	30.2	29.3	9.6	9.7	46.9	52.8
South (Sørlandet)	17.9	12.3	29.3	30.0	10.0	11.6	42.9	46.0
West (Vestlandet)	20.7	15.0	27.2	28.7	10.2	11.1	41.9	45.2
Centre (Trøndelag)	25.5	18.1	19.6	21.0	10.8	11.1	44.0	49.0
North (Nord-Norge)	28.8	21.0	14.3	17.7	13.6	12.9	43.0	48.3
Norway	17.9	11.9	26.9	27.4	10.3	10.6	44.9	50.0

Share of the east (Østlandet) in employment according to sector and in the total employment in 1969

Sector	Total Norway	Østlandet	
		Total	%
primary	172 590	62 012	36 %
industry	396 314	224 002	56
building	153 549	74 203	48
tertiary	723 488	403 659	55
Total	1 445 949	763 876	53

#### 4. Unemployment

During the last decade unemployment has not posed a particularly serious problem in Norway. However, the differences between regions are considerable, and even more considerable are the differences between certain counties, as is shown below.

Annual average unemployment as a percentage of the active population according to region and for certain counties in 1960 and 1970

Region/County	1960	1970
East (Østlandet)	0.7	0.5
of which : Oslo	0.3	0.1
South (Sørlandet)	1.1	0.8
West (Vestlandet)	1.4	0.8
Centre (Trøndelag)	1.8	1.3
North (Nord-Norge)	3.3	2.5
of which : Finnmark	4.4	2.6
Norway	1.2	0.8

It should be added that there are large seasonal variations, particularly in the far north, where unemployment has reached 10 % in winter.

#### 5. Level of development

When the percentages of regional gross domestic product and the population are compared, the disparities in Norway's economy are fully evident.

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Distribution of gross domestic product  
and population in Norway as a percentage  
of the national total, in 1965

Regions/Counties	Gross domestic product	Population
East (Østlandet)	49.3	49
of which : Oslo	22.0	12
South (Sørlandet)	3.8	5
West (Vestlandet)	18.0	25
Centre (Trøndelag)	6.4	9
North (Nord-Norge)	8.3	12
not distributed	14.2	....
Norway	100	100

This imbalance in the distribution of product and population is also shown in the following table, where it appears that at county level, the disparities in income declared by taxpayers vary from 80 to 119 for an average in Norway of 100.



## Income per inhabitant in 1969

Regions/Counties	in Norwegian crowns	Index Norway = 100
<u>in the eastern regions:</u>		
Østfold	21 172	99
Akershus	24 770	116
Oslo	25 493	119
Hedmark	18 991	89
Oppland	18 263	85
Buskerud	20 972	98
Vestfold	21 941	103
Telemark	20 096	94
<u>in the southern region :</u>		
Aust-Agder	18 857	88
Vest-Agder	20 526	96
<u>in the western region :</u>		
Rogaland	21 284	100
Hordaland	20 284	96
Bergen	22 355	105
Sogn og Fjordane	17 186	80
More og Romsdal	18 823	83
<u>in the central region :</u>		
Sør-Trøndelag	20 653	97
Nord-Trøndelag	18 301	86
<u>in the northern region :</u>		
Nordland	18 528	87
Troms	17 931	84
Finmark	18 553	87
Norway	21 252	100

It can be seen that the least developed county is in the mountainous part of the western region, whereas the most developed counties are in the Oslo conurbation.

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### III.- Nature of regional problems

Given their extent and breadth, it is difficult to distinguish regional problems in Norway from national problems. Furthermore, it is somewhat artificial to make any distinction between various regional problems, for some of them are juxtaposed : this is the case in numerous regions which are at one and the same time agricultural, fishing, and peripheral. However, as certain regions have multiple difficulties, it is clearer if these problems are analysed separately.

#### 1) Rural regions

Although the dependance of Norway's economy on agriculture (12 % of the active population) is lower than the average in the European Community, Norway has nevertheless vast territories which still depend on this activity to a large extent : 21 % in the northern region.

Work in agriculture in Norway has to be carried out under climatic conditions which are far less favourable than in the countries of the European Community. The winters are longer and harsher. It freezes for 140 days per year in Oslo, 135 at Trondheim, 173 at Tromsø.

The type of surface makes the establishment of large developments extremely difficult, and the latter are to be found along the fjords or at the bottom of valleys. Not only are the developments small in size, but they are also scattered over the territory, two features which make mechanization difficult.

The distances which have to be covered, and the difficulties in covering them, add to the many handicaps facing Norway's agriculture.

Finally, although it is of marginal importance in this picture of Norway as a whole, the case of the 20 000 Lapps in the far north should receive some mention. Some live from raising reindeer. Although their way of managing their herds has been considerably modernized during recent years, this modernization poses problems in itself.

## 2. Fishing regions

Norway, with a coast line of 20 000 km. and the Gulf Stream along its coasts, is naturally one of the primary fishing countries in Europe. In fact, in Norway fishing is of more importance than in all the countries of the European Community together. During recent years, catches of fish in Norway have varied between 2.6 and 3 million metric tons, that is, nearly double that of the European Community.

Fishing products represent between 13 and 15 % in value annually of Norway's exports. Between 85 and 90 % of fishing products are exported.

Fishermen numbered some 86 000 in 1948 and 61 000 in 1960, but only 45 000 in 1970. Currently they represent approximately 4 % of the total active population.

However, these global figures hide deep regional disparities which are due less to the absolute importance of fishing than to its relative importance in the product and regional employment.

Although all Norway's coasts are in fact as a whole particularly favourable places for fishing, the coasts are dependant on this activity to a varying extent, not only from one region to another, but even more so from one county to another, as is shown in the table below.

Regional importance of fishing  
in 1965-70

Regions/Counties	Added value as a percentage of the gross domestic product of the region or county
East (Østlandet)	0.5
South (Sørlandet)	1.4
West (Vestlandet)	5.0
of which : Møre og Romsdal	9.0
Centre (Trøndelag)	1.2
North (Nord-Norge)	9.2
of which : Finnmark	22.1
Norway	2.0

As regards employment, approximately 15 % of the active population is employed in fishing in the northern region (18 % of this in Finnmark) and 10 % in certain counties in the west.

But, when activities linked with fishing are taken into account (canning industries, fish meal factories, ship-building, business and transport), fishing supports, either directly or indirectly, between 20 and 40 % of the population of certain counties.

Of the total 45 000 fishermen in Norway, the main or sole occupation of 33 300 is fishing. Approximately 12 000 persons practise fishing as a subsidiary activity, their other activity frequently being agriculture. Moreover, it is a known fact that fishermen consume locally produced agricultural products, so it can be seen that there are close links between fishing and agriculture.

The fishing fleet in Norway consists of 36 000 boats totalling slightly less than 390 000 tons, that is, an average of slightly more than 10 metric tons per boat, i.e. very small units. 76 % of the boats are open, and half of this percentage is to be found in the northern region of Norway. The explanation of this structure lies in the fact that more than half the catches of fish are made along the coasts, within Norway's territorial waters.

The problems of the fishing regions in Norway can thus be defined as those of the regions which are dependant on fishing, for a large part of their subsistence. Fishing here is very often a family enterprise practised along the coasts, and its very existence could be called in question if the principles of free movement within the Community were applied indiscriminately.

### 3. A problem of settling the land

As has already been indicated, the problems of the rural regions and the fishing regions are frequently inseparably linked on Norway's territory : a thin coastal fringe has made moderate rural development possible, and the Norway Sea ensures a large part of income.

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If for one or another reason either of these activities were to disappear, the whole economy of these regions would also disappear, and consequently their inhabitants would have no alternative but to emigrate.

#### 4. The Oslo concentration

The Oslo concentration is, of course, completely different. Along the Oslo fjord there is a population of approximately one million inhabitants. This region is cut through in the south by the fjord, and blocked in the north by mountains. These topographical conditions present particular difficulties for traffic by land, since it must necessarily pass through the city of Oslo. Lack of space thus makes itself strongly felt in a region which, nonetheless, includes a quarter of Norway's population.

#### 5. Spitzbergen

The problem of the Spitzbergen archipelago may be quoted here by way of a reminder. It is situated between the North Cape and the North Pole, has about a thousand inhabitants, and its main resources consist of a coal-field producing 500 000 metric tons per year. The security of market outlets depends essentially on a small number of Norwegian and German customers.

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#### IV.- Evolution of regional problems and regional policy from 1950 to 1970

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The appearance of the first regional problems and the beginning of a regional policy in Norway date from 1950 and concern the north of the country.

The northern region (Nord-Norge), which includes the three counties Nordland, Troms and Finnmark, was devastated by war, for the first time in 1940 at the time of the action at Narvik, and for the second time in the autumn of 1944 when the German army retreated.

The reconstruction which followed made it possible to resolve, at least partly and temporarily, the problems of employment in that region. But after this period of reconstruction ended, regional difficulties were to appear again, in the form of considerable structural and seasonal unemployment, and an income per inhabitant which was hardly higher than half the average in Norway.

In 1951 the "Storting" (the Norwegian parliament) adopted a development programme for northern Norway, the purpose of which was to prevent any increase in unemployment, and to increase the population standard of living. This programme included the establishment of a Development Fund for north Norway, which was intended to grant special credit and fiscal advantages to firms being set up in the region. Furthermore, various works of infrastructures were carried out, in particular road-making. This programme was completed in 1961.

Continuing migratory movement from a large number of regions towards regions of urban concentration (and mainly Oslo) led the Norwegian Government between 1961 and 1970 to adopt various regional policy measures to reinforce physical planning of the territory. Given Norway's low population density, the emphasis lies on the development of small growth centres.

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Of this recent period of Norway's regional policy, two aspects seem to be particularly salient :

- firstly, this policy is mainly apparent in works equipping less developed regions, and direct aid to firms is insignificant;
- the aim of this policy was not to benefit specially designated regions, but the policy has been applied in regions where the need made itself felt. The coastal area of northern Norway derived the main benefits from this policy, given the problems posed by the regression of fishing.

**There were no pages 23 or 24 in the original document.**



Generally, it is more convenient to define the geographical area of the regional policy in Norway by stating that it covers all territory except the zones which include the five largest cities in the country : Oslo, Kristiansand, Stavanger, Bergen and Trondheim (1).

In all, regional aid can be obtained in a total geographical area which covers 75 % of the country's surface area, but which nonetheless includes only 23.4 % of the total population, approximately 900 000 inhabitants.

The premium of 35 % can be obtained in the total regional area formed by all the northern region (Nord-Norge), and its extension towards the south, that is to say the northern half of the Trøndelag region. This is, therefore, a very large territory stretching from the north of Trondheim to the Soviet frontier. Moreover, the county of Sogn og Fjordane in the western region benefits from the same premium. The region benefiting from 35 % premium covers 44.5 % of the territory and includes 15.4 % of Norway's population.

The 25 % premium may be applied for in many counties and boroughs of the regions of Trøndelag, west, south and east. In fact, this whole area is the mountainous part of the geographical south of Norway.

Finally, the regions where the 15 % premium may be obtained are not specified.

### 3. Regional aid

Regional aid allowed by the Norwegian government can be grouped in the following categories :

#### A) Aid for firms :

- a) loans and guarantees
- b) shares interests
- c) costs of studies

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(1) Cf Plate 2

THE GEOGRAPHICAL AREA  
COVERED BY REGIONAL POLICY  
IN NORWAY

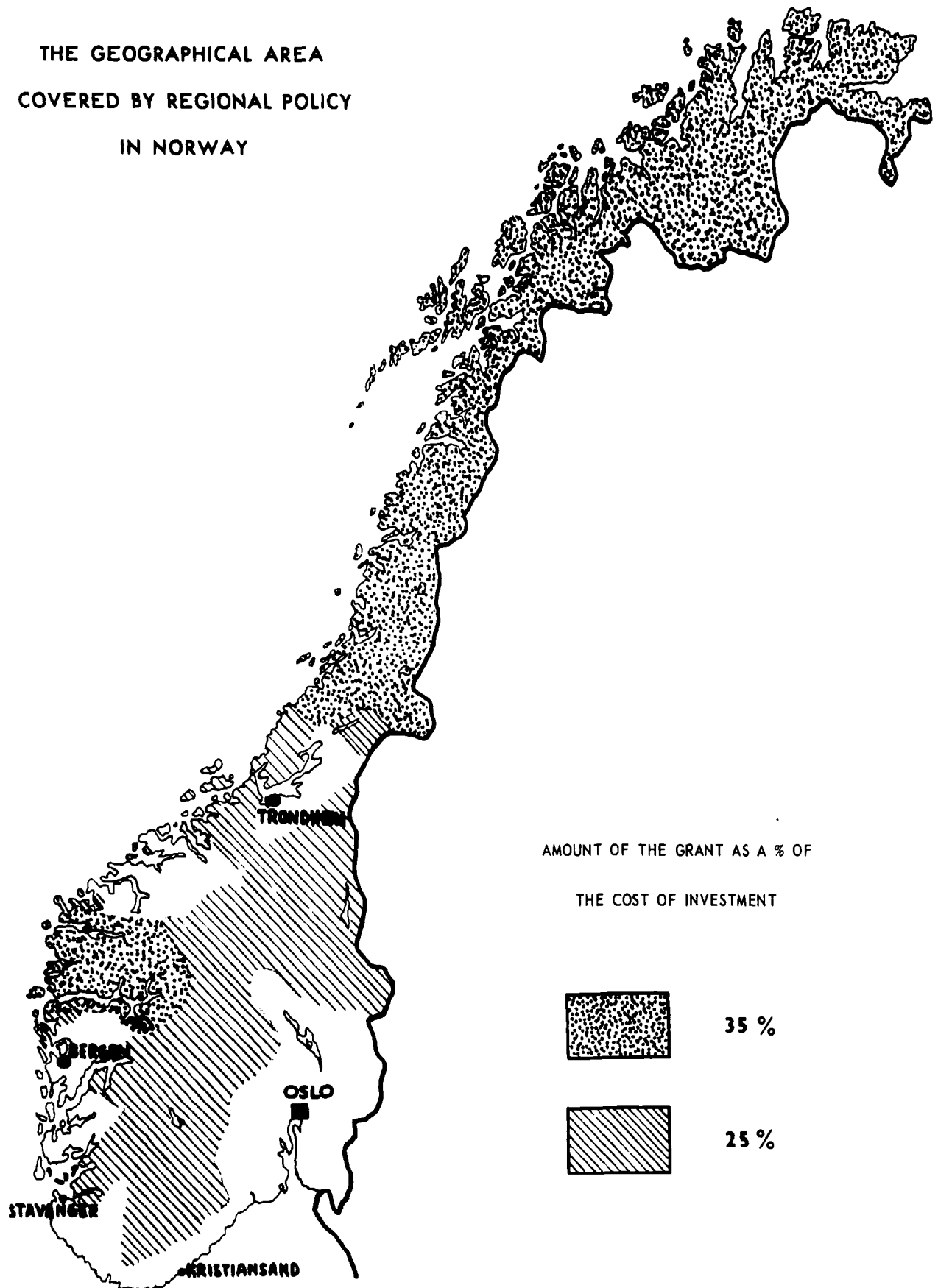


FIG. 2

- d) costs of firms being transferred
- e) costs of training manpower
- f) initial costs of firms
- g) leasing industrial buildings
- h) consultant services
- i) industrial zones
- j) tax relief on capital expenditure
- k) free amortization
- l) investment premium
- m) transport costs

B) Aid for municipalities

- a) loans by the Municipal Bank of Norway
- b) grants by the Ministry of local Government
- c) grants for infrastructure work
- d) grants for transfers resulting from structural changes in industry.

Below are the details of these various regional incentives.

A) Aid for firms

a) Loans and guarantees

The Regional Development Fund can grant loans or guarantees on credits allowed for financing investments, insofar as the latter contribute towards the creation of lasting employment in regions suffering from unemployment or regions with a low level of industrial development.

The borrower is generally required to provide at least 15 to 20 % of the capital necessary for the project. The period of repayment is twenty years. The rate of interest is that on the money-market, except in respect of fishing boats and tourism where it can generally be lower.

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b) Shared interests

The Regional Development Fund can subscribe for shares in firms when the project is of particular importance for the region, and when the capital necessary could not be obtained by issuing shares.

c) Costs of studies

The Regional Development Fund can contribute to the costs of firms' studies and planning, either by reimbursing them or by carrying them out at its own expense.

d) Costs of firms being transferred

Firms which transfer their premises from a well-developed region towards a region with special employment problems or a low level of development can be granted aid to cover costs incurred in the transfer. The aid includes actual removal costs and also all costs of depreciation involved.

e) Costs of training manpower

Aid can be granted to firms which are set up in or are transferred to a region with special employment problems or a low level of development, to enable them to cover additional costs entailed in training their staff. The subsidy includes actual training (salaries and travel expenses for instructors, purchasing of teaching equipment) and also wages for workmen in training (50 % of wages for a maximum of three months).

f) Initial costs of firms

A firm which starts up in a less developed region may, for a period of six months from its starting to operate, receive a grant to cover initial costs it has to meet during the starting-up period, where these are due to low productivity or wastage.

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g) Leasing industrial buildings

By means of grants from the Regional Development Fund, municipalities are in a position to construct industrial buildings and offer them on lease at reduced rents for the first years occupation.

h) Consultant services

Firms in less developed regions which have no technical assistance can be given such assistance by the State Institute of Technology. The costs of consultation can be partly or wholly paid by the Regional Development Fund.

i) Industrial zones

An industrial zones company similar to that in the United Kingdom was set up in Norway in 1968. It works on the same lines as its precursors : equipping sites, constructing factories, public services, leasing factories.

Rent is fixed at 6 % of invested capital and is increased by 1 % each year until it reaches 9 %. When it has remained at this level for three years, it is fixed at an amount which takes account of amortization over 30 years.

At present five industrial zones of this type have been set up in Norway in the following places :

<u>Town</u>	<u>County</u>	<u>Region</u>
Verdal	Nord-Trøndelag	Trøndelag
Førde	Sogn og Fjordane	Vestlandet
Risør	Aust-Agder	Sørlandet
Harstad	Troms	Nord-Norge
Kongsvinger	Hedmark	Østlandet

It can be seen that each of the five regions of Norway has an industrial zone.

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j) Tax relief on capital expenditure

Investment in plant and equipment may be deducted from the amount of taxable profits at up to 25 % of those profits when the investment is made in development regions.

k) Free amortization

In the north of Norway up to 50 % of the cost of plant and equipment can be deducted from taxable profits by way of free amortization.

l) Investment premium

From 20 August 1971 the Norwegian government introduced a new system of equipment bonuses which, in proportion to investment in premises or plant, may be :

- 35 % in the northern regions and certain parts of the west (1);
- 25 % in certain zones of other regions of the centre, west, south and east (1);
- 15 % in any other region with an employment situation such that manpower is obliged to migrate from time to time for long periods.

These subsidies are intended solely for firms in mining, industry, handicrafts, tourism and building.

Irrespective of the maximum percentages shown above, these premiums can be obtained only in respect of investments of at least 30 000 Norwegian crowns, and are calculated on that part of the investment over 25 000 crowns.

Finally, the premium is 10 % in primary activities (agriculture, forestry, fishing).

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(1) Cf. Plate 2

m) Transport costs

From 8 October 1971 the Norwegian government introduced a new subsidy system for transport costs.

This subsidy represents a certain percentage of the cost of transporting goods from the place where they were produced to the place where they are consumed in Norway.

The conditions to be fulfilled for benefit from this aid are as follows :

- transport by railway, boat, aeroplane or vehicle with a goods transport licence;
- minimum distance of 400 km;
- cost of transport : at least 5 000 Norwegian crowns per year or 2 500 crowns per half-year, to be paid by the producer;
- finished or semi-finished products (therefore excluding raw materials).

The geographical area of this subsidy is more or less the same as that of investment premiums (Cf Plate 2).

The amount of the subsidy varies, as a percentage, according to provenance and destination, as follows :

Regions of provenance	Regions of destination (minimum 400 km)	
	South	North
North	35 %	25 %
Centre	25 %	20 %
South	15 %	0

B) Aid to municipalitiesa) Loans from the Municipal Bank of Norway

The Municipal Bank of Norway can make loans at a moderate rate of interest to municipalities in order to contribute to the following operations :

...

- the acquisition of sites or under-developed zones in order to proceed with development operations, as for example, building houses;
- carrying out works of infrastructures in zones with depopulation problems, with the exception of national roads which come under the State's responsibility;
- equipping sites with a view to subsequent development.

b) Grants from the Ministry of local Government

The Ministry of local Government can make grants to municipalities :

- to draw up programmes containing practical development measures in regions where the economic structure should be improved;
- to programme and set up recreation zones in regions where the administrative resources do not make it possible to set these up.

c) Subsidies for works of infrastructure

Subsidies can be granted to municipalities in order to carry out works of infrastructure necessary for industrial development.

These works must fulfil one of the following two conditions :

- be part of a national industrial development plan in municipalities with a low level of development;
- contribute towards setting up growth centres and lasting employment.

Works of infrastructure should be understood as being communications and local public services, excluding, however, individual connections which come under each firm's financial responsibility.

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d) Grants for transfers resulting from structural changes in industry

Grants can be made to municipalities to enable them to contribute to the costs of transferring activities and persons to other locations, insofar as :

- the former location no longer provides sufficient support, public facilities are lacking, and there is no prospect of development;
- the new location affords sufficient support, public facilities are available, or will soon be available.

Compensation can cover removal, and housing costs, and the costs of setting up the industry in its new location.

4. Restrictions on development in certain urban centres

Indirectly, in connection with construction permits, the setting up of new industries is being curbed in the main urban centres of Norway.

This mainly affects the Oslo region and a large part of the eastern region, and regions which include Kristiansand, Stavanger, Bergen and Trondheim.

## VI.- Regional programming

Legislation relating to programming and building is covered by one law in Norway, the law on building. The reason for this is that these questions were dealt with in a first law in 1924, and that it was then considered convenient to amend this law over the course of the years, rather than adopt new and separate laws to cover these two aspects. Currently, regional programming in Norway is governed by the Building Law of 25 June 1965.

Article 18 of this law defines the regional plan as follows "a plan to coordinate the use of land, and solutions common to the problems concerning public services, in order to satisfy the needs of two or more municipalities".

This definition clearly shows that in Norway regional programming has until now been the physical planning of territory, implying a large number of territorial units, 77 "regions" in all. To date some fifty surveys have been drawn up for these units. The main indications relate to the coordination between the distribution of territory and investment in infrastructure.

There is a trend in Norway towards physical and economic programming which would operate at the level of the 20 counties, units in respect of which a large number of "regional" statistics exist. However, it is not certain that the county is the most rational regional delimitation in Norway. Given the extent of the country, and the relative uniformity of large geographical zones, there would be ample justification for dividing the country into a small number of large regional units.

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## VII. Town and country planning

As has been shown in the preceding chapter, programming in Norway covers only the distribution of territory, and works at the level of the 77 "regions" which are in fact regrouped boroughs.

Given the essential objective of regional policy in Norway, - which is to maintain a minimum population distribution over an immense space, at least on the European scale - the problems of town and country planning are important.

It will be recalled that for a long time Norway has paid considerable attention to solving its regional problems, more through a policy of town and country planning than through a policy of providing financial and tax incentives for industrialization. The setting up of small development centres was, at least originally, encouraged above all by equipping operations.

Protecting the environment has also been of some importance, in a country where natural beauty is an irreplaceable asset for tourist development.

Among the achievements in decentralizing certain activities and administrations, the establishment of a new university in the Far North, at Tromsø, currently under way, is of note. In this respect, it must be remembered that the northern region, with a surface area three times that of Belgium, has a population of less than 500 000 inhabitants.

Finally, the importance that Norway lays on the cultural aspects of regional development should be pointed out, and in particular its stress on maintaining the traditions, customs and usages which form regional character.

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### VIII.- Regional policy - responsible institutions

The institutions responsible for regional policy in Norway can be analysed at two levels, central and regional.

#### 1) Central administrations

##### a) Ministry of Local Government and Labour

This ministry is the central body in Norway for regional development policy. It is responsible for all policy on town and country planning, and for the general conception of regional economic policy. It is responsible for granting aid to municipalities for their equipment and aid for manpower.

##### b) Regional development fund

The regional development fund (in Norwegian : Distriktenes Utbyggingsfond) was set up in 1960 and for administrative purposes comes under the Ministry of Local Government and Labour. It is mainly responsible for granting aid to firms being set up in development regions.

##### c) Committee of Under-Secretaries of State

Since 1966, under the chairmanship of the Under-Secretary for Local Government and Labour, there has been a standing Committee of Under-Secretaries of State of Ministries concerned with regional policy; its task is essentially to coordinate these various ministerial departments.

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## 2) Regional Administrations

### a) County councils

The "region" really exists in Norway only at the level of the 20 counties. The regional assemblies, or "county councils", are composed of representatives elected from the municipalities of each county. The councils are responsible at their county level for all problems concerning town and country planning.

### b) County governors

Each county has its own administration, at the head of which there is a county Governor, appointed by the central Government. His role is that of a coordinator between the various ministerial departments at county level and he is responsible for drawing up "regional" plans.

### c) Inter-county committees

Inter-county committees have been set up during recent years in order to coordinate plans for town and country planning between regions. They are composed of county Governors and representatives from industry. There is one for each of the five major regions of Norway : North, Trøndelag, West, South and East.

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## IX.- Results of regional policy

The results of Norwegian regional policy can be assessed on the basis of the following criteria : cost of the policy, migration, and unemployment.

### 1) Cost of the policy

It is not possible to indicate what the regional policy has in fact cost the State. It is known only that, from 1960 to 1971, this policy represented total commitments of an overall amount of about two thousand million Norwegian crowns. But this amount includes grants as well as loans or guarantees on loans. It is therefore necessary to give details of various financial commitments in order to have some idea of their distribution by region and sector.

#### A. - Regional development fund

##### I. Grants

From 1960 to 1970, the Fund granted aid for drawing up surveys and plans to an amount of 6.7 million crowns, which has not been apportioned.

From 1966 to 1970, the Fund made grants to an amount of 27.6 million crowns, which is apportioned as follows by type of aid and by region.

#### - By type of aid :

	in millions of Norwegian crowns
aid for firms being transferred	6.2
aid for vocational retraining	11.7
aid for starting up firms	9.7
	<hr/>
	27.6

...

- By region :

Region	Amount of aid		% of population
	in millions of Norwegian crowns	As a %	
East	13.6	49.3	49
South	2.0	7.2	5
West	6.7	24.3	25
Trøndelag	3.2	11.6	9
North	2.1	7.6	12
Norway	27.6	100	100

## II. Loans and guarantees

From 1961 to 1970, the Fund granted loans and guarantees for a total amount of 1 166 million crowns, which is apportioned as follows by sector and by region.

- By sector, approximately 60 % have been to industry, and in decreasing order of importance, the wood and furniture industry, electronics, the food industry, ship-building and mechanical engineering.

- By region, the total of 1 166 million crowns is divided up as follows :

Region	% of loans and guarantees	% of population
East	26.1	49
South	5.6	5
West	25.3	25
Trøndelag	16.1	9
North	26.9	12

### B.- Subsidies and loans for infrastructure

Subsidies and loans were granted by the State for various works of infrastructure, which are apportioned as follows :

Region	Subsidies 1966-1971		Loans 1965 - 1971		Special fund for roads 1957-1971	
	Millions of Norwegian crowns	%	Millions of Norwegian crowns	%	Millions of Norwegian crowns	%
East	8.9	17.3	22.4	20.6	22.1	15.1
South	5.8	11.3	9.4	8.5	12.3	8.4
West	11.0	21.5	28.6	26.2	41.1	28.1
Trøndelag	10.9	21.3	20.3	18.5	17.8	12.1
North	14.5	28.6	28.2	26.2	54.0	36.3
Norway	51.1	100	108.9	100	146.2	100

### C.- Industrial zones

The industrial zones being developed involved a total expenditure of 50 million crowns from 1968 to 1971.

### D.- Refund of tax on investment

This system, which was in force from 1969 to 1971, but has now been abandoned, involved a refund by the State of an amount of 53.5 million crowns.

## 2. Migration

Migratory movements are an important criteria for the success of a regional policy. In this respect, it is possible to compare the annual net migratory balance for the regions of Norway from 1951 to 1968.

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## Net annual migratory balance 1951-1968

Region	Annual average		1965	1966	1967	1968
	1951-1960	1961-1964				
Oslo fjord	+ 6 170	+ 5 842	+ 5 146	+ 3 805	+ 5 212	+ 5 473
Rest of the East region	- 1 736	- 786	- 372	- 830	- 965	- 157
South (Sørlandet)	- 56	+ 17	+ 490	+ 1	+ 596	+ 579
West (Vestlandet)	- 1 316	- 2 082	- 1 666	+ 171	- 1 256	- 1 662
Trøndelag	- 950	- 936	- 240	- 117	- 805	- 104
North (Nord-Norge)	- 2 112	- 2 055	- 3 358	- 3 030	- 2 782	- 4 129

On examination, inter-regional migratory movements reveal the following facts :

- during recent years, the Oslo fjord region has continued to show a very positive migratory balance, hardly any lower than it was at the beginning of the observation period;
- the northern region recorded a constantly negative balance, which had actually doubled by the end of the period;
- the rest of the eastern region, the southern region and Trøndelag show a more or less balanced movement;
- the western region shows a negative balance of some size.

### 3. Unemployment

Unemployment shows great seasonal variations in Norway, especially in regions where there are difficult climatic conditions.

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Seasonal unemployment variations  
as a % of the active population  
in 1960 and 1970

Region	1960		1970	
	January	July	January	July
East	1.8	0.2	0.8	0.3
South	2.2	0.4	1.5	0.4
West	2.6	0.5	1.6	0.4
Trøndelag	3.3	0.4	2.5	0.6
North	6.5	0.7	4.5	1.0
Norway	2.6	0.3	1.5	0.4

The evolution of unemployment between 1960 and 1970 shows :

- in all, a reduction of unemployment in all regions, and particularly at the winter peak;
- unemployment in the northern region is approximately three times the national average.

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